



City of Durham Presentation of Audit Results

November 22, 2011



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Certified Public Accountants

Agenda

- City of Durham, FY2011 Audit
 - Introduction
 - Independent Auditor's Reports
 - GAGAS Report
 - American Reinvestment and Recovery Act
 - SAS 114: The Auditee Report Card
 - GASB 54
 - Conclusion

Independent Auditor's Reports

- Unqualified or “clean” opinion is the highest level of assurance an auditor can provide to an auditee.
- City of Durham received unqualified opinions on:
 - Financial Statements
 - Major Federal Programs
 - Major State Programs

Independent Auditor's Report in Accordance With Government Auditing Standards

- Report covers internal control over financial reporting and compliance with laws and regulations.
- No opinion issued.
- No material weaknesses or significant deficiencies noted.
- No management letter.

Independent Auditor's Report in Accordance With Government Auditing Standards

American Reinvestment and Recovery Act

- Significantly more work required.
- Greater transparency and reporting.
- No findings.

SAS 114 Communication to Those Charged With Governance

- No audit adjustments.
- No passed adjustments.
- No disputes with management.
- No significant difficulties encountered during the audit.

Implementation of GASB 54

- New classifications of fund balance
 - Non-spendable
 - Restricted
 - Committed
 - Assigned
 - Unassigned

Non-spendable fund balance

- Classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in tact.
- Previously reported as reserved fund balance.
- Amounts are not “available for appropriation”.
- Examples include:
 - Prepaids and inventory.
 - Perpetual maintenance.

Restricted fund balance

- Classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.
- Previously reported as reserved fund balance
- Can include amounts that are “available for appropriation”.
- Examples include:
 - Restricted for Stabilization by State Statute.
 - Restricted for Durham Hosiery Mill.
 - Restricted for debt covenants.

Committed fund balance

- Portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by the Durham City Council (highest level of authority). Any changes or removal of specific purposes requires the majority action by the Durham City Council.
- Previously reported as designated fund balance.
- Can include amounts that are “available for appropriation”.
- Examples include:
 - Committed for capital projects.

Assigned fund balance

- Amounts constrained by the City of Durham's intent to be used for specific purposes and are neither restricted nor committed.
- Previously reported as designated fund balance.
- Examples include:
 - Assigned for subsequent years' expenditures.
 - Assigned for economic development.

Unassigned fund balance

- Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.
- Previously reported as unreserved, undesignated fund balance.
- If the total of restricted and committed fund balance exceeds total fund balance, unassigned fund balance will be presented as a negative.
- For the City's General Fund, unassigned fund balance approximates the old unreserved, undesignated fund balance.

Thank you!

We appreciate your time and attention.
We are happy to answer any questions that
you may have at this point.

